

PCT

WORLD INTELLECTUAL PROPERTY ORGANIZATION  
International Bureau



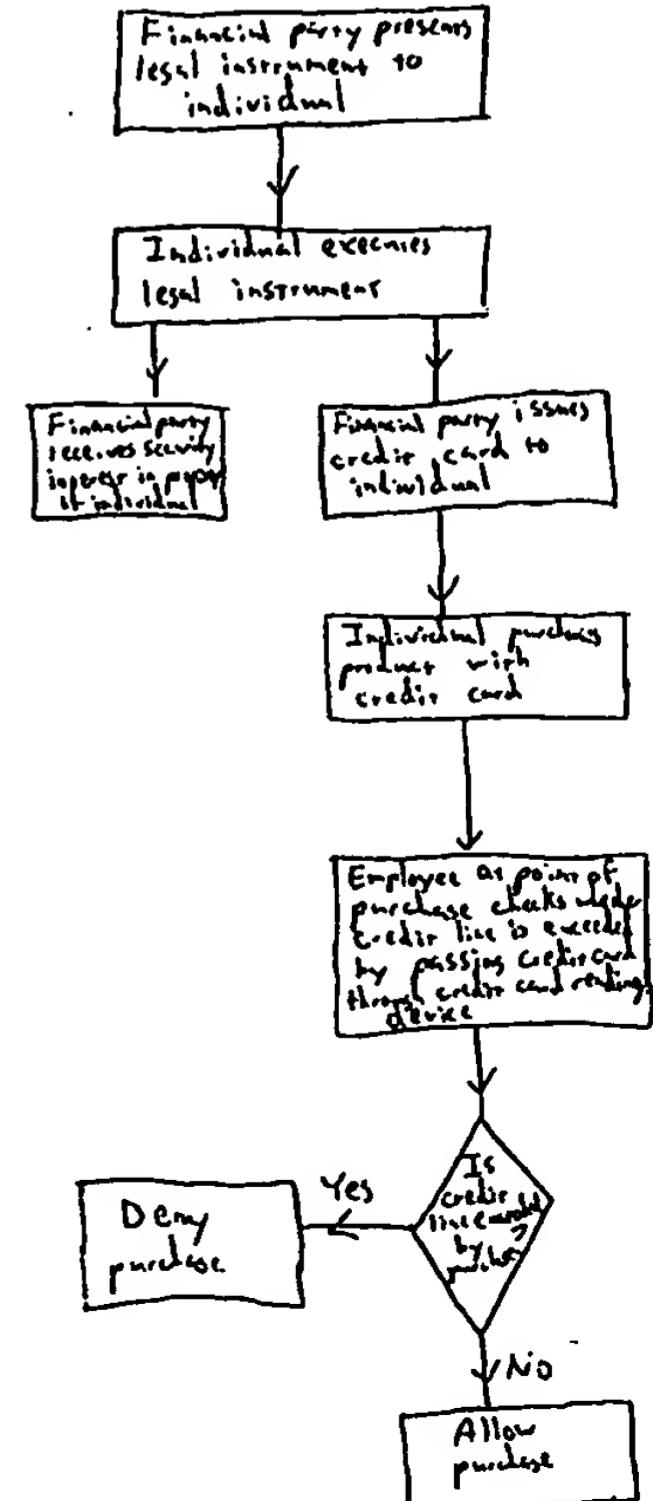
INTERNATIONAL APPLICATION PUBLISHED UNDER THE PATENT COOPERATION TREATY (PCT)

(51) International Patent Classification <sup>6</sup> : <b>G06K 5/00, 19/06, 17/00</b>		A1	(11) International Publication Number: <b>WO 99/28850</b> (43) International Publication Date: 10 June 1999 (10.06.99)
(21) International Application Number: <b>PCT/US98/25447</b>			(81) Designated States: AL, AM, AT, AU, AZ, BA, BB, BG, BR, BY, CA, CH, CN, CU, CZ, DE, DK, EE, ES, FI, GB, GD, GE, GH, GM, HR, HU, ID, IL, IS, JP, KE, KG, KP, KR, KZ, LC, LK, LR, LS, LT, LU, LV, MD, MG, MK, MN, MW, MX, NO, NZ, PL, PT, RO, RU, SD, SE, SG, SI, SK, SL, TJ, TM, TR, TT, UA, UG, UZ, VN, YU, ZW, ARIPO patent (GH, GM, KE, LS, MW, SD, SZ, UG, ZW), Eurasian patent (AM, AZ, BY, KG, KZ, MD, RU, TJ, TM), European patent (AT, BE, CH, CY, DE, DK, ES, FI, FR, GB, GR, IE, IT, LU, MC, NL, PT, SE), OAPI patent (BF, BJ, CF, CG, CI, CM, GA, GN, GW, ML, MR, NE, SN, TD, TG).
(22) International Filing Date: 1 December 1998 (01.12.98)			
(30) Priority Data: 08/980,735 1 December 1997 (01.12.97) US			
(71)(72) Applicant and Inventor: WHITE, Michael, David [US/US]; Suite 822, 39 South La Salle Street, Chicago, IL 60603 (US).			
(74) Agent: BRINKS HOFER GILSON & LIONE; P.O. Box 10087, Chicago, IL 60610 (US).			Published <i>With international search report.</i>

(54) Title: CREDIT CARD

(57) Abstract

A credit card to be owned by an individual including a first side and a second side facing away from the first side where the credit card further includes an account identifier that identifies a credit account of the individual having a line of credit secured by a security interest in property owned by the individual.



Best Available Copy

**FOR THE PURPOSES OF INFORMATION ONLY**

Codes used to identify States party to the PCT on the front pages of pamphlets publishing international applications under the PCT.

AL	Albania	ES	Spain	LS	Lesotho	SI	Slovenia
AM	Armenia	FI	Finland	LT	Lithuania	SK	Slovakia
AT	Austria	FR	France	LU	Luxembourg	SN	Senegal
AU	Australia	GA	Gabon	LV	Latvia	SZ	Swaziland
AZ	Azerbaijan	GB	United Kingdom	MC	Monaco	TD	Chad
BA	Bosnia and Herzegovina	GE	Georgia	MD	Republic of Moldova	TG	Togo
BB	Barbados	GH	Ghana	MG	Madagascar	TJ	Tajikistan
BE	Belgium	GN	Guinea	MK	The former Yugoslav Republic of Macedonia	TM	Turkmenistan
BF	Burkina Faso	GR	Greece	ML	Mali	TR	Turkey
BG	Bulgaria	HU	Hungary	MN	Mongolia	TT	Trinidad and Tobago
BJ	Benin	IE	Ireland	MR	Mauritania	UA	Ukraine
BR	Brazil	IL	Israel	MW	Malawi	UG	Uganda
BY	Belarus	IS	Iceland	MX	Mexico	US	United States of America
CA	Canada	IT	Italy	NE	Niger	UZ	Uzbekistan
CF	Central African Republic	JP	Japan	NL	Netherlands	VN	Viet Nam
CG	Congo	KE	Kenya	NO	Norway	YU	Yugoslavia
CH	Switzerland	KG	Kyrgyzstan	NZ	New Zealand	ZW	Zimbabwe
CI	Côte d'Ivoire	KP	Democratic People's Republic of Korea	PL	Poland		
CM	Cameroon	KR	Republic of Korea	PT	Portugal		
CN	China	KZ	Kazakhstan	RO	Romania		
CU	Cuba	LC	Saint Lucia	RU	Russian Federation		
CZ	Czech Republic	LI	Liechtenstein	SD	Sudan		
DE	Germany	LK	Sri Lanka	SE	Sweden		
DK	Denmark	LR	Liberia	SG	Singapore		

## CREDIT CARD

### BACKGROUND OF THE INVENTION

#### Field Of The Invention

This invention relates to a credit card having a line of credit based on the worth of property owned by an individual.

#### Discussion Of Related Art

Traditionally, people have had a number of ways to borrow money. One way is for the person to take out a mortgage on his property in return of receiving money from a bank. A second and relatively recent trend in borrowing is the home equity credit lines that allow people to borrow money based on the equity value of their house. Such home equity credit lines have only been accessed through checks or a traditional lump-sum closing payment.

One of the most convenient ways for a person to purchase a product is to use a credit card. Typically, a business institution, such as a bank, a company or a store, presents an individual with an application form for a credit card. The application form asks the individual several questions, such as his name, address, employment status and annual income. The individual presents the form to the business institution which then decides whether to issue its credit card to the individual. If the business institution issues a credit card to the individual, he or she will be able to make purchases upon the credit card as long as the total amount of the purchases does not exceed the card's credit line established by the business institution. The amount of the credit line is often based on the individual's credit history and his annual income.

One disadvantage of such a credit card is that the established credit line is often artificially too low since it does not reflect the actual assets of the individual and has been based only on presently generated income. Credit cards in use do not take into account previously generated income which has been stored as equity such as in stocks, bonds or a real estate property. As an example, a property owner may have a home worth \$1,000,000 and hold title to the property free-and-clear of all mortgages. In such a case, the owner may have retired from his primary profession and is working as a

teacher for a reduced salary of \$30,000. Using today's credit card, this person would ordinarily have access to only one or two thousand dollars of credit card debt, even with a net worth of at least \$1,000,000.

Another disadvantage of prior credit cards is that the borrower must pay very high rates of interest. A borrower is forced to pay high rates for credit card debt since the lender has no asset from which to recover its loan in the event of default.

### SUMMARY OF THE INVENTION

A first aspect of the present invention concerns a credit card to be owned by an individual. The credit card includes a first side and a second side facing away from the first side where the credit card further includes an account identifier that identifies a credit account of the individual having a line of credit secured by a security interest in property owned by the individual.

A second aspect of the present invention regards a credit card kit that includes a credit card issued by a financial party to an individual and which has a line of credit. The credit card kit further includes a legal instrument where the financial party grants the line of credit for the credit card in return for receiving a security interest in property owned by the individual.

A third aspect of the present invention regards a method of using a credit card by an individual. The method includes the steps of a financial party granting an individual a line of credit upon receiving a security interest in property owned by the individual and the individual agreeing to convey the security interest in the property to the financial party. The method includes the step of the financial party issuing a credit card with the line of credit to the individual.

Each of the above-mentioned aspects of the present invention are advantageous in that they allow an individual to obtain credit cards with higher credit lines that accurately reflect his or her ability to pay off purchases with the credit card. For example, the borrower making \$30,000 above using the present invention would probably be able to obtain a credit card credit line with a credit line much greater than

\$1,000 such as \$500,000 and maybe even \$750,000. Thus, the present invention allows a borrower to have access to capital in very large supply so that the borrower may pursue opportunities in education, business and leisure which often require payment of a large amount of capital.

Another advantage that each of the above-mentioned aspects of the present invention provide is to allow the borrower to pay lower rates for credit card debt since the entity providing the money to the borrower is assured of payment by the acquisition of a secured interest in the borrower's property.

The foregoing features and advantages of the present invention will be further understood upon consideration of the following detailed description of the invention taken in conjunction with the accompanying drawings, in which:

#### **BRIEF DESCRIPTION OF THE DRAWINGS**

FIG. 1 schematically shows an embodiment of a credit card kit according to the present invention;

FIG. 2 schematically shows a front view of a credit card according to the present invention;

FIG. 3 schematically shows a rear view of the credit card of FIG. 2; and

FIG. 4 shows a flow chart of how the credit card kit of FIG. 1 and the credit card of FIGS. 2-3 are to be used according to the present invention.

#### **DESCRIPTION OF THE PREFERRED EMBODIMENT**

Referring now to the drawings wherein like reference characters designate identical or corresponding parts throughout the several figures, and in particular FIG. 1 schematically shows a credit card kit 30 that includes a credit card 32, a legal instrument 34 and a credit card reading device 36. As shown in FIG. 4, the credit card kit 30 is implemented by having a financial party or institution, such as a bank, a company or a store, present the legal instrument 34 to an interested individual. The legal instrument 34 preferably is a writing made on paper that includes the terms of agreement between

the financial party and the interested individual that will result in the issuance of the credit card 32 to the interested individual. Among the terms of agreement present in the legal instrument 34 is the agreement of the financial party to grant the interested individual a line of credit upon receiving a security interest, such as a mortgage, in property owned by the interested individual and the interested individual agreeing to convey the security interest to the financial party. The property owned by the individual that is the subject of the security interest may include a building, such as a residential house, real estate, a financial instrument, such as a stock or a bond. Furthermore, the value of the line of credit preferably is less than or equal to the value of the property that is the subject of the security interest.

Once the legal instrument 34 is executed by the interested individual, the financial party issues the credit card 32 with the line of credit to the interested individual, as indicated in FIG. 4. The credit card 32 is structurally similar to prior art credit cards in that it has a rectangular shape having a length of approximately 3 3/8", a width of approximately 2 1/8" and a thickness of approximately 1/32". The credit card 32 is preferably made of plastic materials commonly used for prior art credit cards. As shown in FIG. 2, one side 38 of the credit card 32 has indicia that indicates the name of the individual ("John Doe"), the time period in which the credit card 32 is valid ("1/1/98"), an account identifier 40 that identifies a credit account of the individual and may include indicia 42 formed on the credit card 32 ("12345") and indicia 42 identifying the financial party (John Doe's Bank) that is providing the line of credit and the credit card 32 to the individual. The indicia may be raised or printed on the side 38 of the credit card 32. On the side 44 of the credit card 32 facing away from the side 38 there also may be an account identifier 40 in the form of a magnetic strip 46, as shown in FIG. 3.

Once the interested individual receives the credit card 32, he or she can use the credit card 32 to purchase products and/or services from stores and companies that honor the credit card 32, as indicated in FIG. 4. The product or service is purchased by the individual presenting the credit card 32 to the store employee who then passes the

card 32 through a credit card reading device 36 which is well known in the art and which reads the magnetic strip 42 of the credit card 32. The magnetic strip 46 contains information as to the financial party and the credit card account number of the individual. This information is combined with the amount of the purchase made by the individual and is conveyed to the financial party and its agents so that the purchase can be recorded and billed to the individual at a later time. Should the purchase result in the credit line of the credit card 32 being exceeded, then a message will be sent from the financial party to the store and the individual which will indicate that the credit line has been surpassed and so no purchase will be approved. Otherwise, the credit line is not exceeded and the purchase is valid.

The foregoing description is provided to illustrate the invention, and is not to be construed as a limitation. Numerous additions, substitutions and other changes can be made to the invention without departing from its scope as set forth in the appended claims. For example, the legal instrument 34 may not be a writing in the traditional sense, but may be an agreement that is accessed from the internet, and displayed on the monitor of a computer.

## I CLAIM:

1. A credit card to be owned by an individual, said credit card comprising:
  - a first side;
  - a second side facing away from said first side and comprising an account identifier that identifies a credit account of said individual having a line of credit secured by a security interest in property owned by said individual.
2. The credit card of claim 1, wherein said account identifier comprises indicia formed on said second side.
3. The credit card of claim 1, wherein said account identifier comprises a magnetic strip.
4. The credit card of claim 1, wherein said second side further comprises indicia identifying a party that is providing said line of credit.
5. The credit card of claim 1, wherein said property owned by said individual comprises a building.
6. The credit card of claim 5, wherein said building comprises a residential house.
7. The credit card of claim 1, wherein said property owned by said individual comprises real estate.
8. The credit card of claim 1, wherein said property owned by said individual comprises a financial instrument.

9. The credit card of claim 8, wherein said financial instrument comprises a stock.
10. The credit card of claim 8, wherein said financial instrument comprises a bond.
11. The credit card of claim 1, wherein said security interest comprises a mortgage.
12. The credit card of claim 1, wherein the value of said credit line is less than or equal to the value of said property.
13. A credit card kit, comprising:
  - a credit card issued by a financial party to an individual and which has a line of credit; and
  - a legal instrument where said financial party grants said line of credit for said credit card in return for receiving a security interest in property owned by said individual.
14. The credit card kit of claim 13, wherein said credit card comprises an account identifier that identifies a credit account of said individual having said line of credit.
15. The credit card kit of claim 14, wherein said account identifier comprises indicia formed on said credit card.
16. The credit card kit of claim 14, wherein said account identifier comprises a magnetic strip.

17. The credit card kit of claim 13, wherein said credit card comprises indicia identifying said financial party that is providing said line of credit.

18. The credit card kit of claim 13, wherein said property owned by said individual comprises a building.

19. The credit card kit of claim 18, wherein said building comprises a residential house.

20. The credit card kit of claim 13, wherein said property owned by said individual comprises real estate.

21. The credit card kit of claim 13, wherein said property owned by said individual comprises a financial instrument.

22. The credit card kit of claim 21, wherein said financial instrument comprises a stock.

23. The credit card kit of claim 21, wherein said financial instrument comprises a bond.

24. The credit card kit of claim 13, wherein said security interest comprises a mortgage.

25. The credit card kit of claim 13, wherein the value of said credit line is less than or equal to the value of said property.

26. The credit card kit of claim 13, further comprising a credit card

reading device that reads said credit card when said credit card is being used by said individual.

27. The credit card kit of claim 13, wherein said credit card reading device conveys to said financial party the amount of a purchase made by said individual using said credit card.

28. The credit card kit of claim 27, wherein said credit card reading device conveys to said individual when said purchase results in said credit line being exceeded.

29. The credit card kit of claim 14, further comprising a credit card reading device that reads said credit card when said credit card is being used by said individual.

30. The credit card kit of claim 29, wherein said credit card reading device conveys to said financial party the amount of a purchase made by said individual using said credit card.

31. The credit card kit of claim 30, wherein said credit card reading device conveys to said individual when said purchase results in said credit line being exceeded.

32. A method of using a credit card by an individual, said method comprising the steps of:

a financial party granting an individual a line of credit upon receiving a security interest in property owned by said individual;

said individual agreeing to convey said security interest in said property to said financial party; and

said financial party issuing a credit card with said line of credit to said individual.

33. The method of claim 32, comprising the step of said individual using said credit card to purchase a product.

34. The method of claim 32, comprising the step of said individual using said credit card to purchase a service.

35. The method of claim 32, wherein said property owned by said individual comprises a building.

36. The method of claim 35, wherein said building comprises a residential house.

37. The method of claim 32, wherein said property owned by said individual comprises real estate.

38. The method of claim 32, wherein said property owned by said individual comprises a financial instrument.

39. The method of claim 38, wherein said financial instrument comprises a stock.

40. The method of claim 38, wherein said financial instrument comprises a bond.

41. The method of claim 32, wherein said security interest comprises a mortgage.

42. The method of claim 32, wherein the value of said credit line is less than or equal to the value of said property.

43. The method of claim 33, further comprising the step of reading said credit card when said credit card is being used by said individual.

44. The method of claim 43, comprising the step of conveying to said financial party the amount of a purchase made by said individual using said credit card.

45. The method of claim 43, comprising the step of conveying to said individual when said purchase results in said credit line being exceeded.

FIG. 1

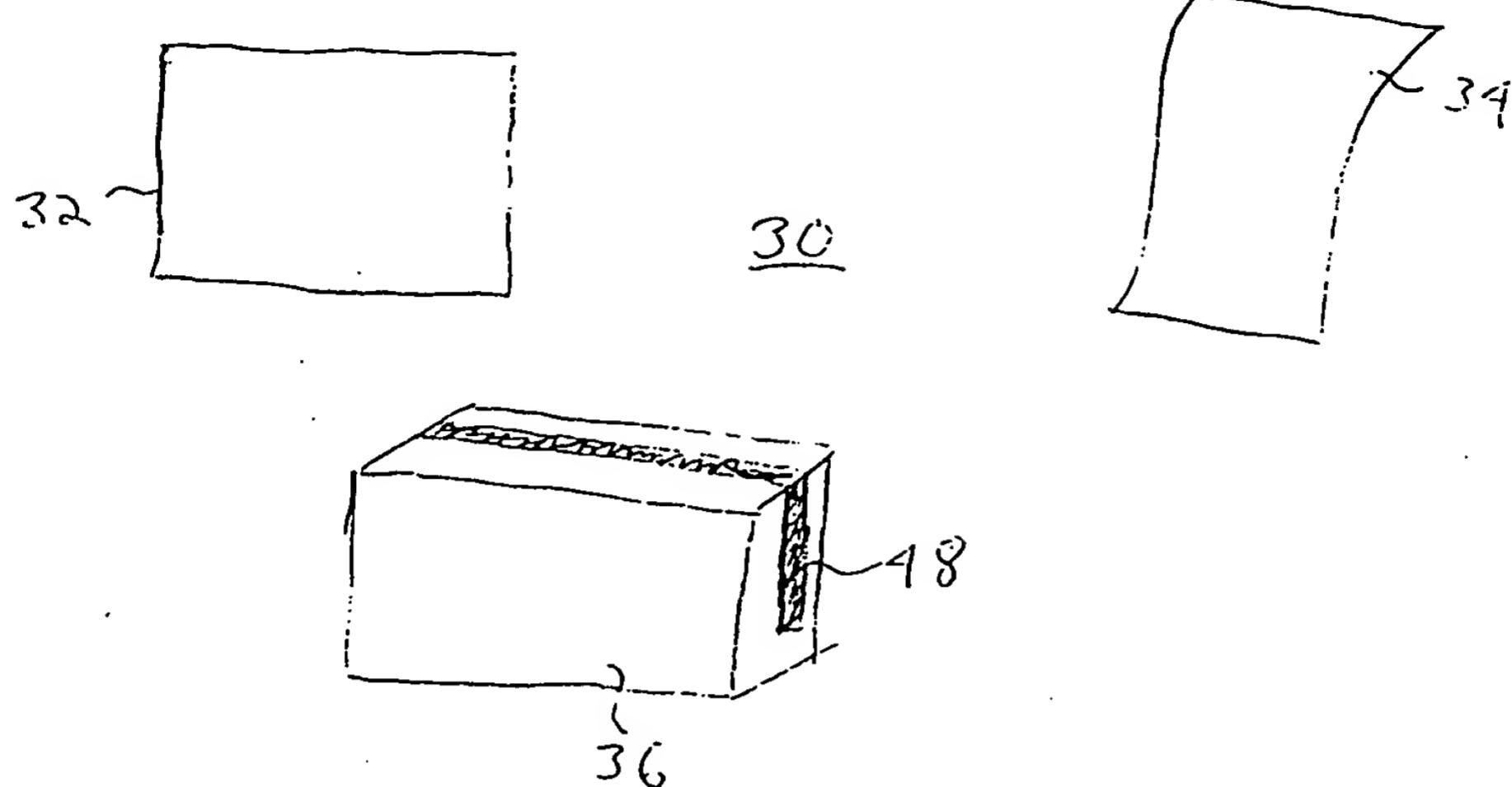


FIG. 2

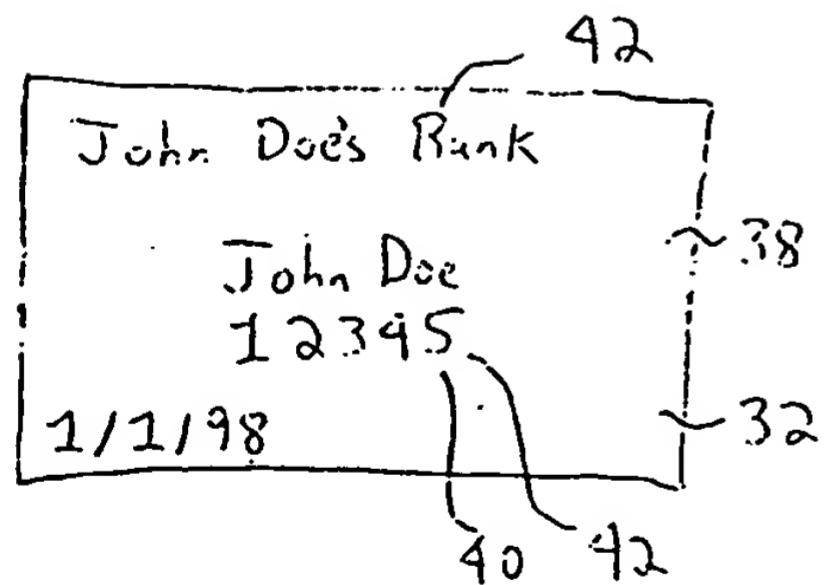


FIG. 3

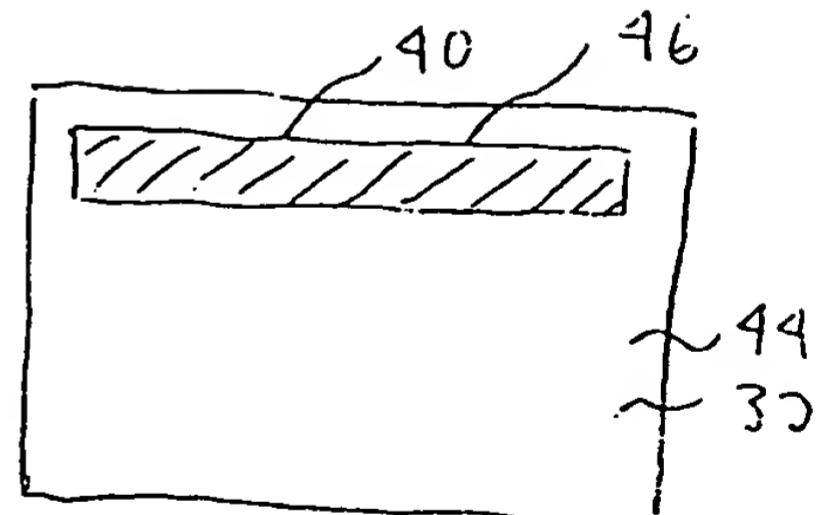
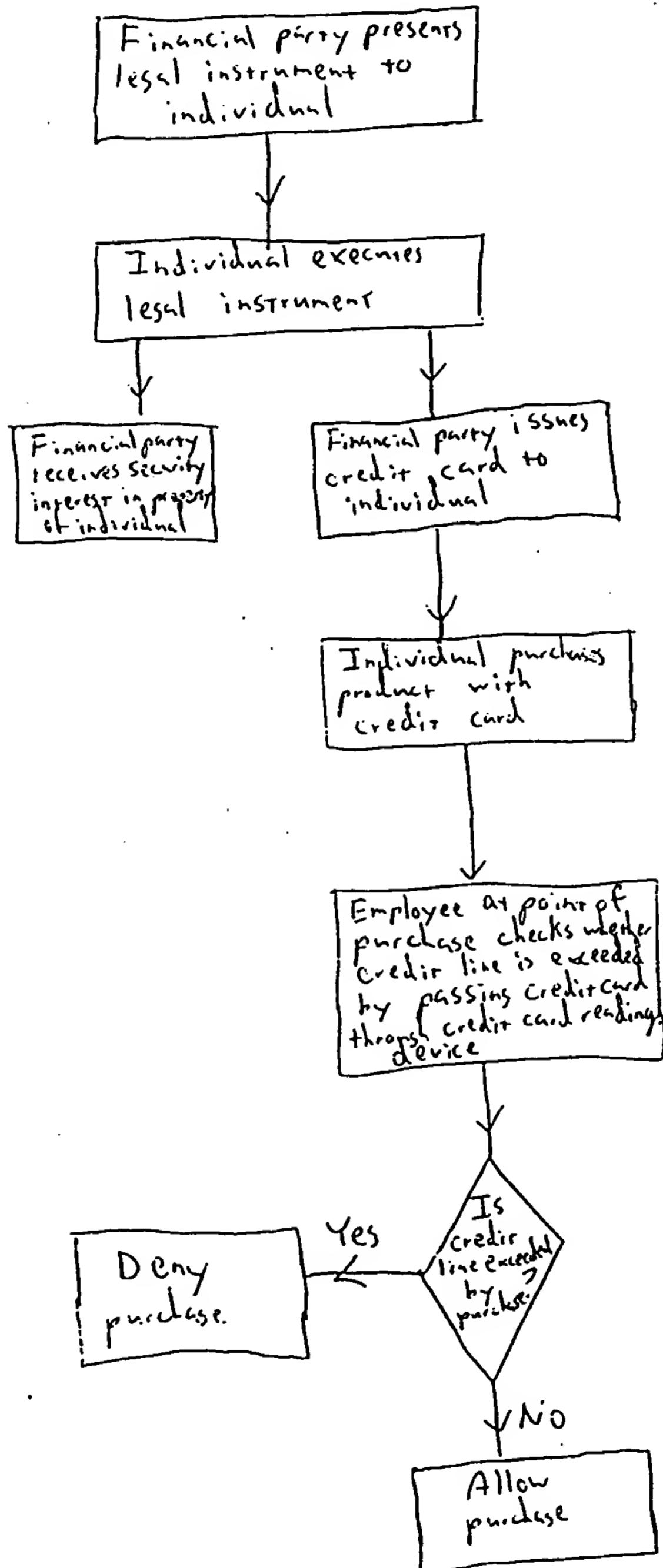


FIG. 4



## INTERNATIONAL SEARCH REPORT

International application No.  
PCT/US98/25447

## A. CLASSIFICATION OF SUBJECT MATTER

IPC(6) : G06K 05/00, 19/06, 17/00

US CL : 235/ 382, 380, 375, 492

According to International Patent Classification (IPC) or to both national classification and IPC

## B. FIELDS SEARCHED

Minimum documentation searched (classification system followed by classification symbols)

U.S. : 235/ 382, 380, 375, 492

Documentation searched other than minimum documentation to the extent that such documents are included in the fields searched  
noneElectronic data base consulted during the international search (name of data base and, where practicable, search terms used)  
none

## C. DOCUMENTS CONSIDERED TO BE RELEVANT

Category*	Citation of document, with indication, where appropriate, of the relevant passages	Relevant to claim No.
Y	US 5,699,528 A (Hogan) 16, December 1997 (16/12/97), the entire reference	1-45
Y	US 5,852,811 A (Atkins) 22 December 1998 (22/12/98), the entire reference	1-45
Y	US 5,866,889 A (Weiss et al.) 02 February, 1999 (02/02/99), the entire reference	1-45

Further documents are listed in the continuation of Box C.

See patent family annex.

• Special categories of cited documents:	"T"	later document published after the international filing date or priority date and not in conflict with the application but cited to understand the principle or theory underlying the invention
• "A" document defining the general state of the art which is not considered to be of particular relevance	"X"	document of particular relevance; the claimed invention cannot be considered novel or cannot be considered to involve an inventive step when the document is taken alone
• "E" earlier document published on or after the international filing date	"Y"	document of particular relevance; the claimed invention cannot be considered to involve an inventive step when the document is combined with one or more other such documents, such combination being obvious to a person skilled in the art
• "L" document which may throw doubt on priority claim(s) or which is cited to establish the publication date of another citation or other special reason (as specified)	"&"	document member of the same patent family
• "O" document referring to an oral disclosure, use, exhibition or other means		
• "P" document published prior to the international filing date but later than the priority date claimed		

Date of the actual completion of the international search

24 FEBRUARY 1999

Date of mailing of the international search report

18 MAR 1999

Name and mailing address of the ISA/US  
Commissioner of Patents and Trademarks  
Box PCT  
Washington, D.C. 20231  
Facsimile No. (703) 305-3230Authorized officer  
THIEN LE  
Telephone No. (703) 305-3500

**This Page is Inserted by IFW Indexing and Scanning  
Operations and is not part of the Official Record**

**BEST AVAILABLE IMAGES**

Defective images within this document are accurate representations of the original documents submitted by the applicant.

Defects in the images include but are not limited to the items checked:

- BLACK BORDERS**
- IMAGE CUT OFF AT TOP, BOTTOM OR SIDES**
- FADED TEXT OR DRAWING**
- BLURRED OR ILLEGIBLE TEXT OR DRAWING**
- SKEWED/SLANTED IMAGES**
- COLOR OR BLACK AND WHITE PHOTOGRAPHS**
- GRAY SCALE DOCUMENTS**
- LINES OR MARKS ON ORIGINAL DOCUMENT**
- REFERENCE(S) OR EXHIBIT(S) SUBMITTED ARE POOR QUALITY**
- OTHER:** \_\_\_\_\_

**IMAGES ARE BEST AVAILABLE COPY.**

**As rescanning these documents will not correct the image problems checked, please do not report these problems to the IFW Image Problem Mailbox.**